

Application Agreement



Small Business Growth Corporation
504 Loan Program

SMALL BUSINESS INVESTMENT ACT, SECTION 504 PROGRAM

This agreement, made this _____ day of _____, _____ between Small Business Growth Corporation, an Illinois not-for-profit corporation and Certified Development Company, hereafter referred to as Growth Corp, and _____, hereafter referred to as the Applicant.

PART I: GROWTH CORP SERVICES

At the request of the Applicant, Growth Corp agrees to review the Applicant's proposed project and to prepare a preliminary loan analysis and a Section 504 debenture guarantee application to the U.S. Small Business Administration, hereafter referred to as SBA, including a complete set of forms, documents, and supportive exhibits. Applicant agrees to submit all information necessary and to provide reasonable assistance to Growth Corp in the preparation of said package. As soon as the application package is complete, Growth Corp will submit the application to SBA together with its request for SBA to guarantee a debenture issued by Growth Corp under the 504 Program. If approved by the SBA, the proceeds of debenture sale will be used to provide subordinated financing for the Applicant in accordance with the terms and conditions of the SBA Authorization for Debenture Guarantee. Growth Corp cannot guarantee that it will be able to obtain SBA approval and no statement contained herein or elsewhere may be construed as a guarantee directly or by implication.

PART II: APPLICATION DEPOSIT

At the signing of, and accompanying this agreement, the Applicant agrees to make a deposit in the amount of \$1,000 payable to Small Business Growth Corporation. If SBA does not approve the loan application, Growth Corp will refund the deposit, less the out-of-pocket costs and administrative expenses incurred in packaging and processing the loan request. If SBA approves the loan application, the application deposit will be refunded following the funding of the loan less any closing costs that are not covered by the commitment fee. Applicant agrees that if the application is withdrawn or cannot be completed because of the failure to submit necessary information, the application deposit shall be deemed compensation to Growth Corp for its services.

PART III: COMMITMENT FEE

When SBA approves the loan, an Authorization containing the terms and conditions of the loan will be issued. A commitment fee equal to 1% of the 504 loan amount (\$2,500 minimum) is due when the Applicant accepts the terms and conditions of the Authorization. If the Applicant completes the loan in accordance with the requirements of the Authorization, the commitment fee, together with the application deposit, will be used to pay for the closing costs, including, but not limited to, credit reports, title insurance, recording and search fees, Growth Corp legal fees, and all other out-of-pocket costs. Growth Corp will send a statement detailing the costs paid from these funds together with a refund of the balance after the loan is funded. Applicant agrees that if the requirements of the Authorization are not met, preventing the loan from being completed, the application deposit and the commitment fee shall be deemed compensation to Growth Corp for its services.

PART IV: 504 LOAN PROGRAM

The Applicant understands that, if approved, the loan contemplated by this agreement will be made under the provisions of the SBA 504 Debenture Guarantee Program. The 504 Program provides borrowers with a long-term, fixed-rate loan, not exceeding 40% of the eligible project costs associated with issuing the debenture. These costs, approximately 2.65 percent of the 504 portion of the financing, and a fixed legal fee of \$2,500, are included in the loan amount. A participating lender provides the interim financing and approximately 50 percent of the total project financing in the form of a loan with a minimum term of ten years for real property. SBA also requires a one-time, participating lender fee equal to 0.5 percent of the amount of the lender’s permanent loan. This fee may be passed along to the borrower or paid by the lender. When the project is complete, the interim loan is fully disbursed, and environmental and appraisal requirements met, the applicant will sign the loan documents and Growth Corp will issue the debenture guaranteed by the SBA. All the debentures issued each month are sold as a group by SBA in the national bond market. It is this process which raises the funds for each 504 loan and determines the interest rate of the loan.

PART V: INTEREST RATE AND FEES

The interest rate on the 504 loan is determined by the competitive forces of the bond market when the debentures are sold and is fixed for the life of the loan. Monthly payments on the loan begin the first month following the debenture sale, and will be made via electronic funds transfer. In addition to principal and interest, monthly payments will include three servicing/guaranty fees: CSA at 0.1%, SBA subsidy at 0.9375% and CDC at 0.625% (maximum 1.5%) per annum, depending on the borrower’s industry and credit strength. The applicant is advised to consult with the Growth Corp staff regarding the most recent interest rate and fee information. The Applicant agrees to pay all costs incurred in closing the loan, including, but not limited to, recording and search fees, title insurance costs, and closing attorney’s fees. The application deposit and the commitment fee explained earlier cover these costs.

PART VI: MISCELLANEOUS CONDITIONS

All information provided by the Applicant and/or its principals will be used by Growth Corp, its Board, employees and agents to make credit and Program decisions, and will not be divulged to anyone, other than participating lenders, guarantors and the SBA. The Applicant authorizes Growth Corp to obtain credit information concerning the Applicant, individual owners of the business, and related companies and to identify our financing participation on the project property. Applicant specifically authorizes the participating lender to provide all personal and business information it may have to Growth Corp including financial and credit information. Applicant is solely responsible for fulfilling SBA requirements regarding the environmental condition and appraised value of the real estate involved in the project. Failure to meet these requirements can delay or prevent the loan from being completed. The Program and loan descriptions, including statements regarding the amount and type of fees, are exclusively controlled by SBA and are subject to change without notice.

IN WITNESS WHEREOF, GROWTH CORP AND THE APPLICANT HAVE EXECUTED THIS AGREEMENT.

SMALL BUSINESS GROWTH CORPORATION

APPLICANT

BY

BY

TITLE

TITLE